

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHEUNG WO INTERNATIONAL HOLDINGS LIMITED

長和國際實業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00009)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



KINGSTON SECURITIES

THE PLACING

On 6 November 2015 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 175,500,000 Placing Shares at the Placing Price of HK\$1.14 per Placing Share to currently expected not fewer than six Placees who and whose beneficial owners shall be Independent Third Parties. The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM held on 11 June 2015.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) approximately 11.65% of the existing issued share capital of the Company of 1,507,037,504 Shares as at the date of this announcement; and (ii) approximately 10.43% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$1,755,000.

* For identification purpose only

The Placing Price of HK\$1.14 represents a discount of approximately 19.72% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$1.42 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of HK\$1.41 in the last five trading days prior to the date of the Placing Agreement.

It is expected that the maximum gross proceeds and net proceeds from the Placing will be HK\$200.07 million and approximately HK\$194.87 million respectively. The net proceeds from the Placing are intended to be used for:

- i) approximately HK\$15,500,000 to repay interest expense for the US\$20 million guaranteed secured notes due 2017;
- ii) approximately HK\$4,700,000 to pay ticking fee for the guaranteed secured convertible notes due 2017 which issue has not completed; and
- iii) The remaining proceeds from the Placing will be used for any potential investments in the future (which may include the possible acquisition of the interest in the project companies which the Company has entered into a memorandum of understanding on 22 October 2015, details of which are set out in the announcement of the Company stated on 22 October 2015) and general working capital of the Group.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

6 November 2015 (after trading hours)

Issuer

The Company

Placing Agent

Kingston Securities Limited

The Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 175,500,000 Placing Shares to independent Placees. The Placing Agent will receive a placing commission of 2.5% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares successfully placed by the Placing Agent. The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing

Agent under normal commercial terms and with reference to the prevailing market condition. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its associates are Independent Third Parties. As at the date of this announcement, the Placing Agent and its associates were not interested in any Share.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to currently expected not fewer than six Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) are Independent Third Parties. If any of the Placees becomes a substantial Shareholder (as defined under the Listing Rules) after the completion of the Placing, a further announcement will be made by the Company.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 175,500,000 Placing Shares under the Placing represent (i) approximately 11.65% of the existing issued share capital of the Company of 1,507,037,504 Shares as at the date of this announcement; and (ii) approximately 10.43% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$1,755,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$1.14 represents a discount of approximately 19.72% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$1.42 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of HK\$1.41 in the last five trading days prior to the date of the Placing Agreement.

The Placing Price of the Placing was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Placing is in the interests of the Company and the Shareholders as a whole.

General Mandate to allot and issue the Placing Shares

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders. Under the General Mandate, the Company is authorized to issue up to 299,764,538 Shares under the General Mandate. Up to the date of this announcement, no Share has been issued under the General Mandate.

Application for listing of Placing Shares

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Conditions of the Placing Agreement

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares under the Placing; and
- (ii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure events.

Completion of the Placing

Completion of the Placing, in any event, will take place within four business days after the fulfillment of the conditions as set out in paragraph headed “Conditions of the Placing Agreement” above or such other date to be agreed between the Company and the Placing Agent in writing (the “**Completion Date**”). If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent on or before 5:00 p.m. on 20 November 2015 (being the tenth Business Day after the date of signing of the Placing Agreement) or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches thereof).

Termination and force majeure

The Placing Agent may terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances (inclusive of any pandemics or epidemics) which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or adversely prejudices the success of the placing of the Placing Shares to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Completion Date:

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate, if repeated, the Placing Agent shall, in its absolute opinion,

determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is principally engaged in the film production and related business, film processing, rental of property and property development. The maximum gross proceeds and net proceeds from the Placing will be HK\$200.07 million and approximately HK\$194.87 million respectively. The net proceeds from the Placing are intended to be used for:

- i) approximately HK\$15,500,000 to repay interest expense for the US\$20 million guaranteed secured notes due 2017;
- ii) approximately HK\$4,700,000 to pay ticking fee for the guaranteed secured convertible notes due 2017 which issue has not completed; and
- iii) The remaining proceeds from the Placing will be used for any potential investments in the future (which may include the possible acquisition of the interest in the project companies which the Company has entered into a memorandum of understanding on 22 October 2015, details of which are set out in the announcement of the Company stated on 22 October 2015) and general working capital of the Group.

The Directors have considered various ways of raising funds and believe that the Placing represents an opportunity to raise capital for the Company while broadening its Shareholder and capital base. It also signifies the confidence of the Placees in the potential of the Company and demonstrates their willingness to support the Company. Accordingly, the Directors are of the view that the Placing is in the best interest of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The equity fund raising activity conducted by the Company in the past twelve months prior to the date of this announcement are set out below:

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of the net proceeds	Actual use of the net proceeds
12 August 2015	Issue of guaranteed secured convertible notes due 2017	Approximately not more than HK\$230.55 million	To be used for part of funding for the SPV Acquisition	The issue of the convertible notes has not been completed and the subscription money has not been received
27 May 2015	Placing of warrants under specific mandate	Approximately HK\$13.5 million (after deducting related placing commissions and other related expenses)	Repayment of interest expenses	Fully utilised as intended use
10 December 2014	Issue of US\$20 million guaranteed secured notes due 2018	Not more than US\$19,179,000 (equivalent to approximately HK\$148,638,000)	For its residential property development projects and as general working capital	Fully utilised as intended use

Save as disclosed above, the Company had not conducted any other equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing is set out as below:

	As at the date of this announcement		Immediately after the completion of the Placing	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Shareholders				
Full Dragon Group Limited (Note 1)	938,309,250	62.26%	938,309,250	55.77%
Placees			175,500,000	10.43%
Other public Shareholders	<u>568,728,254</u>	<u>37.74%</u>	<u>568,728,254</u>	<u>33.80%</u>
Total	<u>1,507,037,504</u>	<u>100.00%</u>	<u>1,682,537,504</u>	<u>100.00%</u>

Note:

1. The entire issued share capital of Full Dragon Group Limited is owned by Mr. Cheng Keung Fai. Full Dragon Group Limited has granted (i) a security interest over 58.39% of the total issued share capital of the Company as at the date of the grant and (ii) a call option to acquire 149,809,676 Shares of the total issued share capital of the Company, to a subsidiary of Central Huijin Investment Limited, details of which were disclosed in the announcement of the Company dated 4 May 2015.

GENERAL

The Placing Shares will be issued under the General Mandate and therefore the Placing will not be subject to any Shareholders' approval. Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

TERMS AND DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“AGM”	the annual general meeting of the Company held on 11 June 2015
“Board”	the board of Directors

“Business Day”	a day (other than a Saturday, Sunday, public holiday, or days on which a typhoon signal No. 8 or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks are generally open for business in Hong Kong;
“Company”	Cheung Wo International Holdings Limited, a company incorporated in Bermuda with limited liability and the securities of which are listed on the Stock Exchange
“connected person(s)”	the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the board of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of, not connected or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and their respective associates (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of up to 175,500,000 Placing Shares on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 6 November 2015 in relation to the Placing
“Placing Price”	HK\$1.14 per Placing Share
“Placing Share(s)”	up to 175,500,000 new Shares to be placed pursuant to the Placing Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“SPV Acquisition”	the acquisition of the entire issued share capital of the SPV as detailed in the Company’s announcement dated 12 August 2015
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Cheung Wo International Holdings Limited
HUI WAI LEE, WILLY
Chairman

Hong Kong, 6 November 2015

As at the date of this announcement, the Board comprises eight Directors. The executive Directors of the Company are Mr. Hui Wai Lee, Willy (Chairman), Ms. Law Kee, Alice (Chief Executive Officer), Mr. Tai Yat Chung, Mr. Li Wenjun and Mr. Zhong Yingchang; and the independent non-executive Directors are Mr. Tsui Pui Hung, Mr. Tang Ping Sum and Mr. Chiu Sin Nang, Kenny.